

# International Investments and Earnings

UNITED STATES private investments abroad increased by a record of nearly \$3 billion in 1954 to reach a total of more than \$26½ billion at the end of the year. Half of the increase was in direct investments, as United States corporations continued to expand their foreign enterprises at a rapid rate.

Well over \$10 billion has been invested abroad by United States corporations since the war. The great expansion of foreign productive facilities represented by this investment has been of great importance in the improvement in economic conditions abroad. New industries and greater supplies of essential raw materials have generated increased employment, higher standards of living, and much greater capacity to produce goods for rising local consumption and for export to the rapidly expanding United States market. As the enterprises established abroad enter into production, the effect of their aggregate current output on foreign

in other industries. Direct investments in Canada during 1954 continued to be much higher than in any other area, and there was some falling off in Latin America and the Middle East.

A striking development in 1954 was an increase of \$1.4 billion in the value of United States private investments in foreign securities and short-and-medium-term credits and assets abroad. Some \$860 million of this increase resulted from net capital flows from the United States, and the remainder reflected improved market values for the dollar bonds and local-currency bonds and equity securities of foreign countries.

The value of foreign-owned investments and assets in the United States also increased by about \$3 billion during 1954, but the composition of these investments and the nature of the increase, was much different from that of United States investments abroad. Foreign-owned short-term dollar assets, including obligations of the United States Government, are the largest component of foreign holdings in the United States. Such assets rose by \$1.3 billion during the year.

In addition foreign countries purchased about \$300 million of gold from the United States, although gold holdings are not included in the tabulations of international investments as given in table 2. The major factors accounting for this improvement in reserves have been discussed regularly in the *SURVEY OF CURRENT BUSINESS* in quarterly reviews of the United States balance of payments, most recently in the issue for June 1955.

Foreign long-term direct and portfolio investments in the United States increased in value by \$1.8 billion in 1954, but of this increase about \$1½ billion represented the sharp rise in the market value of United States corporate stocks. The remainder, although relatively small, represents a considerable increase in foreign purchases of United States corporate stocks as well as continued moderate additions to foreign direct investments in the United States.

Though earnings on United States investments abroad were a record \$2.8 billion in 1954, the increase since 1951 has been quite modest when compared with the rapidly growing value of the investments. Out of this total nearly \$650 million was left abroad by direct-investment subsidiaries, mainly to finance continued expansion.

Earnings on foreign assets in the United States are smaller than earnings on United States investments abroad, partly because foreign holdings in the United States are primarily in the form of liquid assets, and the earnings total has risen more slowly since the war. Nevertheless, earnings on investments in the United States still constitute an important source of dollars for some countries.<sup>1</sup>

Table 1.—International Investment Position of the United States in Selected Years, 1914-54

	1914 <sup>1</sup>	1919	1920	1928	1929	1935	1954 <sup>2</sup>
United States investments abroad.....	3.5	7.4	17.2	11.4	15.7	23.6	42.2
Private.....	3.5	7.0	17.2	11.4	15.5	22.8	39.9
Long-term.....	3.5	6.6	15.2	10.8	15.2	22.3	34.4
Direct.....	2.0	3.9	8.0	7.0	7.9	10.2	17.7
Portfolio.....	0	2.7	7.2	3.8	5.1	9.0	17.7
Short-term.....	na	0.5	2.0	0	1.3	1.0	2.2
United States Government <sup>3</sup> .....					5.5	15.7	15.0
Foreign investments in the United States.....	7.2	4.0	8.4	9.4	16.9	23.6	24.6
Long-term.....	0.7	3.3	5.7	6.3	7.0	9.2	11.0
Direct.....	1.8	0	1.4	2.0	2.5	3.8	4.0
Portfolio.....	0.4	3.3	4.3	4.3	4.5	6.4	7.0
Short-term assets <sup>4</sup> .....	5	0.7	2.7	3.1	9.9	14.4	13.6
United States net creditor position.....	-3.7	3.4	8.8	1.6	2.8	16.0	16.4
Net long-term.....	-3.2	3.3	6.5	4.5	10.5	28.5	26.0
Net short-term.....	-0.5	-0.3	-2.7	-2.7	-7.0	-12.0	-13.1

na—Not available. \* Revised. \* Preliminary.  
1. At June 30.  
2. Excludes World War I loans; includes some short-term assets.  
3. Includes United States Government obligations in 1914, 1919, and 1920.  
NOTE.—Data for various years are not wholly comparable because of different sources and methods, but the data are adequate to show main trends over the period.  
Source.—U. S. Department of Commerce, Office of Business Economics.

economies is very much greater than the net investment from the United States which may take place in any given year.

Major developments in United States direct investments abroad in 1954 included reductions in the rate of investment in petroleum and mining properties, largely resulting from the completion of several large projects, accompanied by rising investments in manufacturing and scattered increases

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1. Data for earlier years for many of the series contained in this article may be found in the *SURVEY OF CURRENT BUSINESS* for December 1953, January 1954, and May 1954, and in *FOREIGN INVESTMENTS OF THE UNITED STATES*, a special 1955 supplement to the *SURVEY OF CURRENT BUSINESS*.

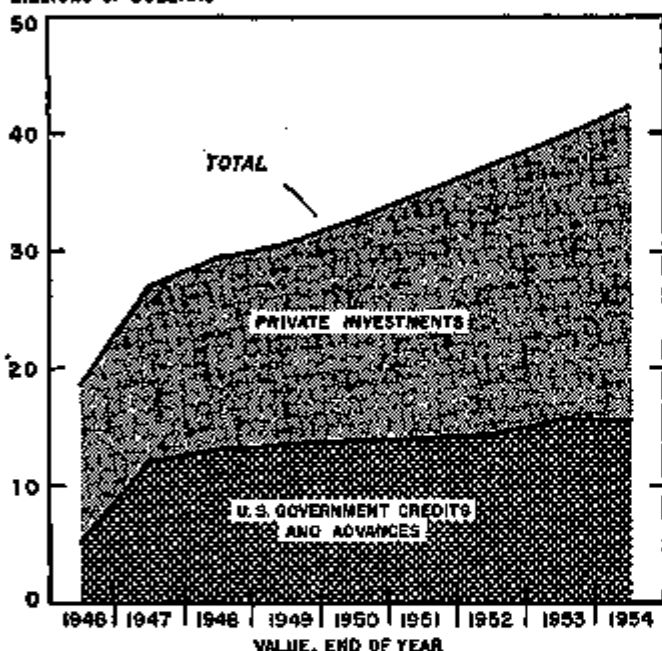
## United States Investments Abroad

United States direct investment abroad have been built up at a very regular rate since 1946, reaching a total of \$17.7 billion by the end of 1954.

Although the rate of progress has been steady, there have been changes from year to year in the emphasis on various areas of the world and on different industries. In 1954, unlike other recent years, there were no large individual projects which absorbed great amounts of capital. The only single development of special significance in the total was the establishment of United States-owned investment funds in Canada with a paid-up capital in 1954 of some \$100 million.

## United States Investments Abroad

BILLIONS OF DOLLARS



U.S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

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The proportion of additions to direct investment going to Canada rose to 50 percent in 1954. The proportion going to Latin America was about 14 percent, about the same as in 1953 but much lower than in most earlier years. Europe's share of total 1954 investments was also 14 percent, about the same as in 1953, and there was some reduction in investments in other areas, mainly because petroleum investments in the Middle East were not as high.

Out of a total book value for direct investments of \$17.7 billion at the end of 1954, \$5.9 billion was in Canada and \$6.3 billion in Latin America. The increase in Canada since 1949, amounting to \$2.8 billion, has been far greater than in any other area. Developments in major industries in 1954 were as follows:

### Petroleum

Net additions to petroleum investments abroad were down from \$645 million in 1953 to \$420 million in 1954. Net capital outflows and undistributed subsidiary earnings were each reduced by a little over \$100 million. Investments in Canada were \$225 million, slightly higher than in 1953, and reflected continued activity in the exploration and develop-

ment of Canadian oil reserves. Expenditures for pipelines were much lower than in 1953, although large expenditures for such facilities will have to be made in the future.

The reduction in net investment in other areas is the result of a considerable number of varying types of transactions. In Latin America, petroleum investments have been comparatively small in recent years, and they dropped by \$100 million to less than \$10 million in 1954. However, practically the entire change was the result of large liquidations of accounts receivable for oil products delivered in 1953. A considerable amount of investment activity being carried out in the area is not reflected in these figures since it is either financed out of current charges for depreciation and amortization, or, in the case of exploration expenses, is charged against income.

Net additions to petroleum investments in Europe were down slightly, partly because of the sale of some properties to European interests, and also because of somewhat lower earnings available for reinvestment and the completion of some refineries. However, there was considerable interest in the development of oil reserves in various European countries.

Elsewhere, additions to petroleum investments in India, Australia, and Iran, as well as for additions to tanker fleets operating under the Liberian flag were larger than in 1953, but these increases were more than offset by the sale of certain properties to foreign interests, some withdrawals of surplus funds and a reduction of new Middle East investments, outside of Iran, to a relatively small amount. Investment in Iran will be much higher in 1955 as the United States companies participating in the new group organized to bring about a resumption of oil production in that country will be called on for substantial amounts of capital.

The great diversity of capital flows in the petroleum industry in 1954 is illustrated, in part, by table 6 showing the composition of the gross flows. Gross outflows were higher than in 1953 by nearly \$200 million, but gross inflows rose by \$300 million. Gross outflows were higher in every area except dependencies in the Middle East, but they were more than matched by rising inflows in Latin America, Western Europe, and various other countries.

### Manufacturing

Investments in manufacturing were quite substantial in 1954, reaching \$425 million and raising the total for this industry group to \$5.7 billion. As usual, a large part of earnings was ploughed back into the local economies; the companies reinvested \$350 million out of total earnings of \$700 million. Net capital outflows were \$75 million, in contrast to net inflows of \$50 million in 1953.

Additions to manufacturing investments in Europe were unusually high, the \$136 million total reflecting larger reinvestments of earnings as total earnings rose sharply in line with heightened economic activity in the area. There was also a small net increase in capital flows to Europe. Most of the increased reinvestment was in the United Kingdom, while capital flows were higher to Belgium, the Netherlands and Sweden.

In Latin America the net investment in manufacturing was \$100 million in 1954 after a reverse flow of small proportions in 1953. Much of the change occurred in Brazil, where a heavy liquidation of overdue accounts in 1953 was followed by a relatively modest resumption of new credits in 1954. About 60 percent of subsidiary profits were left in this country, probably partly for investment and partly because of difficulties in making remittances. Virtually all of the earnings of manufacturing companies in Argentina were retained in that country, largely because they could not be transferred into dollars.

There were sizeable capital outflows for manufacturing to Colombia and Venezuela, but there was a continuation of net inflows from Cuba, Mexico and Uruguay.

Manufacturing investments in Canada were adversely affected by a minor decline in economic activity through most of 1954. Earnings were reduced by \$56 million and undistributed profits were cut back nearly as much, as dividend payments changed little. Net capital flows to Canada normally finance only a small part of additions to investments and they were off by only a minor amount in 1954. In the rest of the world there was a small increase in manufacturing investments to a total of \$54 million. Australia accounted for \$23 million of the total, and the Union of South Africa for \$10 million.

### Mining and other industries

New investments in mining and smelting properties were sharply reduced in 1954 from the levels prevailing in the past few years. Most major projects in Canada and Latin America, primarily to develop iron ore and copper and nickel resources, were virtually completed. Although other large projects are in view they have not yet begun to absorb funds. Earnings of the mining enterprises were somewhat improved in 1954, as discussed below, but the amount reinvested did not increase proportionately.

To some extent, the 1954 drop in the rate of mining investments is not indicative of the position of permanent investments because of the experience of copper companies. These companies provided funds to finance mounting inventories in 1953 but recovered their outlays in 1954 when inventories were shipped to the United States and sold.

The turnabout in mining investments from 1953 to 1954 is clearly reflected in table 6, showing gross capital flows. Mining and smelting is the only industry in which gross outflows were reduced while gross inflows climbed sharply.

Direct investments in trade and distribution facilities (other than those which are direct adjuncts of petroleum or manufacturing enterprises) continued to increase in 1954. There was some decline in Canada from the unusually high rate of additions in 1953, partly because there were no large new investments as in the previous year. An increased capital flow to Latin America was connected in part with a resumption of outflows to Brazil, and also resulted from sizeable new investments in Colombia. In Europe there was a net inflow of capital derived from the sale of a large establishment in Germany, but investments out of earnings were higher. Additions to investments in public utilities remained quite small, but there was an increased capital flow to Latin America. There was also a trend in that area toward financing new capital expenditures through securities issued in local capital markets.

Net investment in "other" industries during 1954 was over \$250 million, bringing the total outstanding to \$1.3 billion. About \$185 million of the increase was in Canada, and of this about \$100 million represented the stock of investment funds newly established in Canada. These investment funds placed their capital primarily in the stocks and bonds of Canadian corporations, so that in their effect on the Canadian economy they resemble large-scale portfolio investments. Another large field for recent investment in Canada has been in finance companies, including consumer credit, and this accounted for a sizeable capital outflow in 1954. Other capital outflows were connected with such diverse fields as real estate, engineering and construction, and motion pictures.

Table 2.—International Investment Position of the United States, by Area, 1953-54

(Millions of dollars)

	Total		Western Europe		Western European dependencies		Other Europe		Canada		Latin American Republics		Other foreign countries		International institutions	
	1953*	1954*	1953*	1954*	1953*	1954*	1953*	1954*	1953*	1954*	1953*	1954*	1953*	1954*	1953*	1954*
United States investments abroad, total.....	39,567	42,220	13,974	14,372	719	663	334	331	8,798	9,721	7,561	8,076	3,307	4,593	3,675	3,949
Private investments.....	23,847	26,609	4,267	4,390	647	646	14	15	8,771	9,706	7,451	7,710	2,732	3,277	425	584
Long-term.....	22,299	25,385	3,731	4,083	624	622	12	14	8,658	9,483	6,399	6,747	2,590	2,925	426	594
Direct.....	18,329	17,748	2,309	2,805	603	600	—	—	8,212	8,329	6,034	6,246	2,081	2,348	—	—
Foreign dollar bonds.....	2,383	2,720	82	100	—	—	1	2	1,477	1,694	130	143	209	306	—	—
Foreign currency securities.....	2,046	2,394	328	406	—	—	—	—	1,630	1,727	30	33	—	79	—	—
Other.....	1,480	1,013	902	905	31	22	11	11	210	210	100	118	87	102	—	—
Short-term.....	1,568	2,234	476	716	33	28	2	1	210	226	632	632	232	282	—	—
Deposits.....	371	502	103	209	7	7	1	1	93	111	61	67	26	30	—	—
Other.....	1,217	1,732	373	420	10	10	—	—	110	115	571	565	206	252	—	—
United States Government credits and claims.....	15,720	15,610	9,707	9,982	63	35	220	316	18	15	930	940	1,575	1,316	2,446	3,445
Long-term.....	16,410	15,703	9,541	9,811	62	32	212	308	18	14	927	954	1,509	1,143	2,440	3,445
Short-term.....	310	907	220	262	1	2	8	8	1	1	3	6	66	143	—	—
Foreign assets and investments in the United States, total.....	33,638	26,766	11,511	13,781	691	477	69	69	4,667	4,078	2,697	3,035	2,379	2,339	1,058	2,169
Long-term investments.....	9,872	11,825	6,030	7,240	188	239	29	34	2,619	2,342	664	823	219	239	22	30
Direct.....	3,770	3,861	2,386	2,623	19	30	—	—	1,158	1,245	136	130	45	46	—	—
Corporate stocks.....	3,060	3,254	3,025	3,080	19	119	—	17	976	936	253	417	48	58	—	12
Corporate, State, and municipal bonds.....	380	304	178	200	6	6	—	—	10	11	43	46	10	11	—	18
Other.....	1,477	1,465	931	938	84	84	17	17	140	140	218	230	87	87	—	—
Short-term assets and United States Government obligations.....	14,466	15,741	5,481	6,441	313	249	40	35	1,638	1,745	2,063	2,213	2,160	2,300	1,036	2,139
Private obligations.....	7,037	8,460	3,146	3,561	218	210	30	10	642	721	1,069	1,041	1,326	1,612	83	95
Deposits.....	6,530	7,497	2,434	2,856	196	196	14	17	571	664	1,622	1,639	1,116	1,706	83	85
Other.....	1,107	1,822	712	706	30	10	17	2	71	67	167	112	130	114	—	—
United States Government obligations.....	6,810	7,294	2,376	2,880	63	30	7	7	995	914	212	212	243	188	1,850	2,034
Long-term.....	1,019	1,850	420	428	22	23	6	5	141	7	126	215	20	31	286	360
Short-term.....	5,800	5,444	1,956	2,452	73	10	2	2	854	1,018	186	67	323	157	1,564	1,674

\* Revised. \* Preliminary.

1. Total includes estimated United States currency not distributed by area (in millions): 1953, \$230; 1954, \$233. Also included are miscellaneous liabilities of various United States Government agencies amounting to \$177 million at the end of 1954.

NOTE.—For 1950-52 data see the SURVEY OF CURRENT BUSINESS, May 1954.

Source: U. S. Department of Commerce, Office of Business Economics.

## Investments in foreign securities

Investors in the United States owned foreign stocks and bonds with a market value of slightly more than \$5.0 billion at the end of 1954, an increase of \$500 million for the year. The increase resulted from net purchases of foreign securities of a little over \$100 million, with improvements in the market prices of foreign corporate stocks accounting for most of the remainder.

About \$2.7 billion of the total holdings were in foreign bond issues payable in United States dollars, \$0.5 billion was in bonds payable in foreign currencies, and \$1.8 billion was in equity securities of foreign corporations (other than those controlled in the United States).

Securities issued in Canada accounted for the largest part of each category, including \$1.6 billion of United States dollar bonds, \$450 million of bonds payable in Canadian dollars, and \$1.3 billion of equity securities of Canadian corporations. Other sizeable holdings include about \$500 million of IBRD bonds, smaller holdings of dollar bonds of Germany, Israel, Australia, Japan, Italy, and Brazil, as shown in table 7, and about \$400 million of equity securities of European enterprises.

There was a heavy liquidation of Canadian internal issues in 1954 as long-term interest rates in Canada were reduced much more than those in the United States, wiping out nearly all of the interest rate differential that is normally one of the strong inducements for United States investment in these securities. Canadian exchange rate fluctuations were also important in earlier years but were not a noticeable factor in 1954.

United States holdings of Canadian bonds denominated in United States dollars were similarly affected by 1954 trends in interest rates. New issues sold in the United States were relatively low at \$167 million, and over \$130 million of the total was sold in the first quarter of the year when there was still a substantial interest rate differential.

United States investors are taking a much greater interest in dollar bonds of other countries than at any time since the war, making possible the successful flotation of a \$25 million new issue by Australia late in 1954, followed in early 1955 by the sale of a \$30 million issue of Belgium and a \$15 million issue of Norway.

About \$84 million was added to the market value of United States holdings of foreign dollar bonds in 1954 as German issues were validated under the terms of the London agreement of 1953. This validation procedure is still in process and an estimated additional \$20 million of United States holdings may enter the market in 1955.

In 1954 United States investors purchased \$88 million of a \$100 million new issue of the International Bank offered in the United States and participations by United States financial institutions in new loans and purchases of outstanding loans of the Bank amounted to about \$28 million, of which some \$15 million was paid out. In the first half of 1955, participations and purchases totalled \$29 million, and about \$8 million was paid out. Thus, as of June 30, 1955, there was a backlog of some \$34 million which United States financial institutions had agreed to lend.

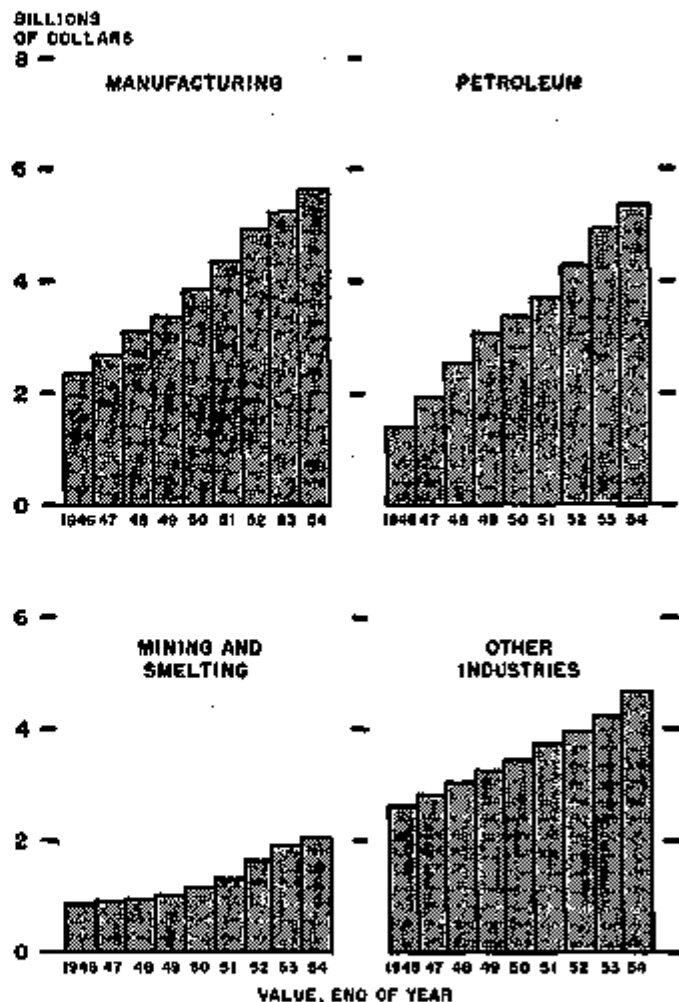
Greatly increased purchases by Americans of the equity securities of Canadian and European enterprises were also an important feature of United States investment abroad in 1954 and the first half of 1955. Net purchases of foreign equity securities in 1954 were a record \$160 million, not including some \$100 million of the shares of newly-organized Canadian investment funds mentioned above. Of the \$160 million, about \$100 million was invested in Europe and over \$50 million in Canada. Some \$90 million of the European total consisted of purchases of stock of companies organized

in the Netherlands, probably largely in securities recently listed on United States stock exchanges.

Purchases of Canadian stocks are a more common feature of United States investments abroad, although the 1954 total was unusually large.

Prices of corporate stocks rose in Western Europe and Canada, as they did in the United States, so that in addition to increases in holdings resulting from net purchases, nearly \$300 million was added to the market value of United States holdings through price increases.

## Value of U. S. Direct Investments Abroad By Industry



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65-46-10

These trends continued in the early months of 1955, with reported net purchases by Americans of foreign stocks totaling \$60 million through April, including over \$30 million in Europe and a somewhat smaller amount in Canada.

The largest outflow of capital from the United States in 1954 was in the form of short- and medium-term credits to foreign borrowers by United States banks and commercial concerns. Short-term funds employed abroad increased nearly \$650 million, to reach a total of \$2.2 billion, while medium-term loans by financial institutions and commercial concerns rose by \$115 million to about \$750 million.

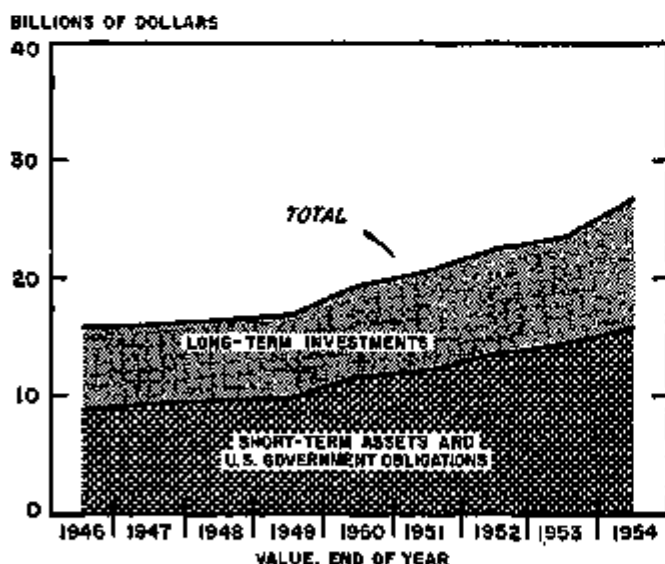
At present more than half of the short-term claims reported by banks are against Latin America, as well as sub-

stantial amounts of medium-term bank credits and commercial credits, as shown in table 9. The increase of over \$400 million in such credits to Latin America in 1954 was sufficient to finance over half of United States exports to Brazil and about 5 percent of United States exports to all other countries in the area combined.

The net outflow of nearly \$500 million in short-term banking credits includes \$120 million of net disbursements of Federal Reserve loans on gold collateral to central banks and an increase of about \$100 million in deposits and other claims payable in foreign currencies. Nearly all of the latter increase represented sterling deposits and claims, as United States banks placed funds in the London market when interest rates there provided a sufficient margin over domestic rates, after taking account of other costs. However, in the early months of 1955 there was a withdrawal of funds from the United Kingdom of about the same amount, despite an even wider differential in interest rates, indicating the continued strength of other considerations, especially the weakness of the forward sterling exchange rate and the rapidly growing domestic demand for bank loans.

Other short-term outflows reported by commercial banks included about \$120 million in loans to foreign official institutions, banks and others, an increase of about \$60 million in collections outstanding (mainly for the account of domestic customers), and about \$80 million of other short-term financing. In 1954 short-term credits by commercial concerns rose by nearly \$100 million, spread over many countries but with the largest increases reported for the United Kingdom and Brazil. Longer-term commercial credits expanded by about \$20 million.

### Foreign Assets and Investments in the United States



U.S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

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A very large part of the medium-term financing by banks as of the end of 1954 represented loans against which they held collateral in the form of gold or United States Government bonds, or which were guaranteed by the Export-Import Bank. The last category accounts for some \$118 million at the end of 1954, including about \$80 million to Japan to finance exports of cotton, about \$27 million to Brazil, and \$10 million to Uruguay.

The net outflow of short-and-medium-term credits by banks and commercial concerns in the first half of 1955, based on partial data, appears to have been about \$50

million, although the total was brought down by the liquidation of about \$80 million of sterling balances as well as the repayment of nearly \$100 million outstanding on a loan by commercial banks to the French Government.

Outstanding long-term credits to foreign countries and subscriptions to the International Bank and International Monetary Fund by the United States Government topped \$15.2 billion at the end of 1954, but was slightly less than at the end of 1953. Repayments of \$500 million exceeded new loan disbursements of \$300 million, leading to the first annual postwar reduction in the amount outstanding.<sup>1</sup> Net repayments continued in the first quarter of 1955.

Of the \$11.8 billion of long-term credits to foreign countries outstanding at the end of 1954, Western Europe and dependent areas had \$9.1 billion, Latin American Republics had \$900 million, and the largest amount elsewhere was \$361 million to India, of which \$161 million represents silver returnable in kind in 1957. Repayments in the year were mainly on the loans to Europe made soon after the war.

The United States Government also held short-term foreign assets valued at \$412 million at the end of 1954. Most of these holdings are in the form of foreign-currency deposits arising out of the counterpart fund provisions of aid programs and deposits and claims arising from the sale of agricultural commodities abroad. These currencies are used for grants and loans to foreign countries and to defray certain United States expenses abroad. The net increase of about \$100 million in 1954, and a further increase of a like amount in the first quarter of 1955, were a consequence of large sales of agricultural products which began late in 1953 and considerably exceeded disbursements.

### Foreign Investments in the United States

A record amount of just over \$3 billion was added in 1954 to the value of foreign long-term investments and liquid dollar assets in the United States, raising the total to \$26.8 billion. The largest gains were made in holdings of corporate stocks and short-term dollar assets. However, of the \$1.6 billion increase in the value of corporate stocks only \$135 million represented net capital flows to the United States; the remainder reflected the rise in market prices during the year. In the case of liquid assets, on the other hand, the increase of \$1.3 billion reflects the net result of transactions between the United States and other countries during 1954.

The rate of increase in foreign dollar assets appears to be somewhat lower in 1955, although still substantial.

Countries in Western Europe held over half of the total investments in the United States at the end of 1954 and accounted for two-thirds of the increase in the year. These countries held the bulk of the corporate stocks, which scored sharp price increases, and also accounted for \$900 million out of a total increase of \$1.3 billion in short-term assets. Investors in these countries were also making sizeable new investments in United States corporate stocks and controlled enterprises.

Canadian investments in the United States increased \$400 million in 1954, although only about \$50 million resulted from net flows to the United States of Canadian capital, the remainder being reinvested earnings and price increases.

Latin American holdings in the United States are primarily short-term assets, which increased about \$200 million in the year. For some countries in the area, however, the gains resulted primarily from short- or medium-term credits received in the United States. In the case of Mexico there was a very substantial increase in dollar holdings beginning in June 1954 and still under way in the first quarter of 1955.

Dollar assets of the international institutions also rose about \$200 million in the year. Repayments to the Inter-

1. For a detailed discussion of United States Government grants and credits in 1954 see the SURVEY OF CURRENT BUSINESS, April 1955.



national Monetary Fund by a number of countries greatly exceeded drawings by members, and the International Bank received more funds from new subscriptions, earnings, new bond issues, repayments of principal, etc., than were disbursed on new loans.

### Long-term investments

Foreign holdings of United States corporate stocks have increased by about \$2,750 million since 1949, reaching a total of over \$5 billion at the end of 1954. However, only some \$300 million of the increase has resulted from net purchases in the United States market—over \$2.4 billion was added by the generally rising market values of United States corporate stocks.

Sharply rising stock prices in the United States and increased freedom for international capital movements in 1954 brought forth a postwar record amount of \$135 million of net foreign purchases of these securities. Purchases were especially heavy at the end of the year and continued to be fairly substantial in the early months of 1955. As shown in table 10, the bulk of the 1954 purchases were for Western Europe, especially the United Kingdom and Switzerland, and Latin America, but there were sizeable net sales by investors in Canada and the Netherlands. The same pattern continued in 1955. Apparently Canadian and Dutch investors

were attracted by the favorable prospects for corporate stocks of their own countries, as were United States investors.

Additions to foreign direct investments in the United States in 1954 were about \$200 million, somewhat lower than the 1953 amount but not much different from the average for the last few years. As in other postwar years, except 1953, most of the added investment came out of undistributed earnings of the United States enterprises. Although several large enterprises have been established in the United States in the last few years by British investors, the capital required has been largely derived from United States sources.

### Dollar and gold reserves

Foreign countries have been able to add very great amounts to their reserves of gold and dollars since the war, in spite of some temporary periods when losses were heavy. By the end of 1954 foreign holdings of short-term dollar assets and United States Government obligations totalled \$15.7 billion and foreign gold holdings were almost equal at \$15.6 billion. These holdings are by far the greatest ever reached and reflect a gain of about \$9 billion since 1946 and \$5 billion since 1952.

Since gold reserves are not included in the tabulation of the international investment position of the United States, that statement does not fully reflect the improvement in the situation of foreign countries. However, after purchasing \$1.2 billion of gold from the United States in 1953, foreign countries reduced their purchases to about \$300 million in 1954 and they were further reduced in 1955. The falling off of purchases here partly reflects a decline in the overall gain in reserves by foreign countries, but there is also a decided tendency for monetary authorities to cut down their gold acquisitions when a certain level has been reached, and to place additional amounts into interest-bearing dollar assets.

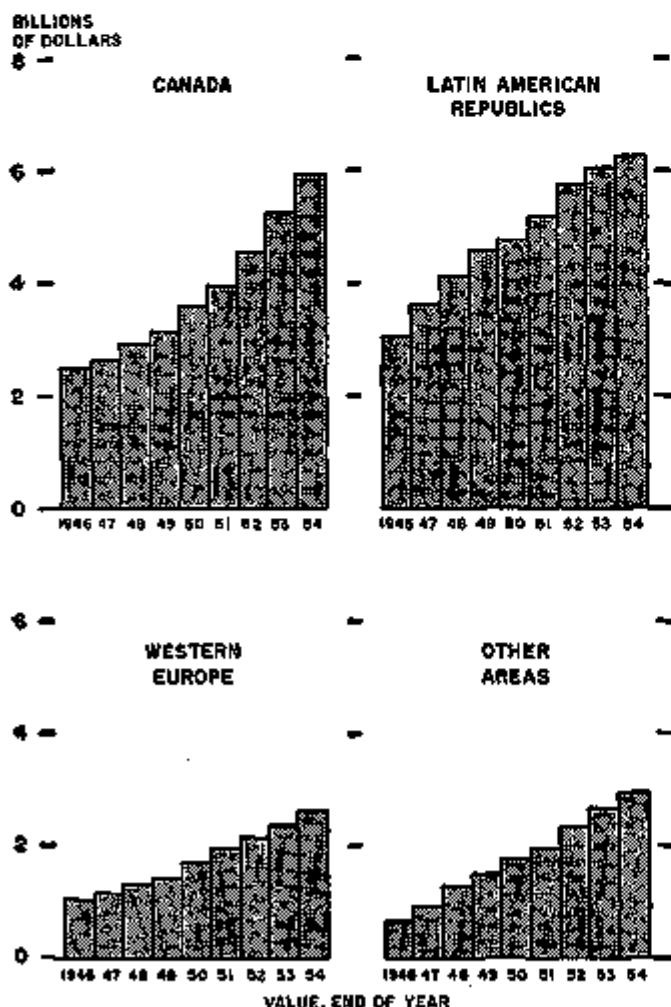
Out of \$15.7 billion of foreign-owned short-term dollar assets and United States Government obligations at the end of 1954, over \$9.6 billion was held by foreign official accounts and international institutions. Virtually the whole increase of \$1.3 billion in 1954 went into such accounts, rather than into private foreign accounts. In 1953, official accounts rose nearly \$1 billion while private accounts changed very little. The current tendency for private accounts to remain stable while official accounts grow, is associated with such factors as the increase in foreign purchases of United States corporate stocks, the growth of investment opportunities abroad, and the increasing ease with which dollar funds for working balances can be obtained as needed from official reserves.

### Earnings on International Investments

United States investments abroad earned about \$2.8 billion in 1954, including the undistributed portion of the earnings of direct-investment subsidiary companies. This total was about \$160 million higher than the 1953 amount, but there has been very little variation in the total since 1950 despite an increase of \$9.4 billion in United States investments abroad in the 4-year period.

Direct-investment enterprises abroad continue to produce the greater part of earnings, accounting for \$2.3 billion in 1954 out of the \$2.8 billion total. This is about the same as the 1951 amount as various factors have tended to hold down total earnings relative to investment. Such factors include (1) a large amount of investment since 1950, particularly in petroleum and mining, had not yet reached the production stage by the end of 1954 or was not yet fully productive, (2) the intensive search for new sources of raw materials, together with development expenses, has been extremely costly and has either been reflected as operating

Value of U. S. Direct Investments Abroad  
By Area



losses of new enterprises or lowered earnings of long-established enterprises, (3) some important properties are subject to accelerated depreciation, keeping earnings low even though output may increase sharply, (4) currency depreciation in a few countries in Latin America has drastically cut the dollar value of local-currency earnings, and (5) higher direct and indirect taxes, including discriminatory exchange rates, have also cut into earnings abroad.

Petroleum investments abroad, which currently account for some 42 percent of total direct-investment earnings, have been subject to most of the depressing factors mentioned above. In addition, earnings of the tanker fleets operated by the companies were very much reduced in the past few years by lower shipping rates. Thus, 1954 petroleum earnings of \$980 million were lower than in 1952-53, and only \$60 million higher than in 1951.

Table 3.—Value of Direct Investments Abroad, by Selected Countries, 1949-54, and Major Industries, 1953-54  
(Millions of dollars)

Countries	1949	1950	1951	1952	1953*							1954*						
					Total	Mining and smelting	Petroleum	Manufacturing	Public utilities	Trade	Other industries	Total	Mining and smelting	Petroleum	Manufacturing	Public utilities	Trade	Other industries
All areas, total	16,798	21,788	18,081	14,819	16,329	1,933	4,436	5,235	1,068	1,940	1,678	27,748	2,071	5,362	8,626	1,545	1,165	1,976
Canada	2,446	2,579	3,372	4,593	5,242	877	993	2,418	309	220	584	5,229	783	1,168	2,652	391	369	784
Latin American Republics, total	4,690	4,735	5,176	5,765	6,024	999	1,684	1,149	1,803	264	735	5,265	1,465	1,686	1,348	1,129	402	795
Argentina	328	350	386	393	409	(1)	(1)	200	70	46	28	425	(1)	(1)	218	69	46	23
Bolivia	18	11	11	11	18	(1)	(1)	(1)	1	4	(1)	10	(1)	(1)	(1)	2	4	(1)
Brazil	658	644	803	1,012	1,017	(1)	300	483	149	119	(1)	1,050	(1)	178	534	169	128	(1)
Cuba	618	640	563	623	607	445	(1)	34	(1)	9	4	633	407	(1)	35	(1)	10	7
Colombia	104	183	207	234	235	(1)	117	41	32	22	(1)	238	(1)	109	51	35	34	(1)
Cuba	610	652	672	680	680	(1)	(1)	28	207	24	270	715	(1)	(1)	55	203	35	208
Dominican Republic	102	105	123	125	130	(1)	(1)	11	16	(1)	89	133	(1)	(1)	11	17	(1)	9
Ecuador	16	14	14	14	17	(1)	(1)	(1)	6	2	7	20	(1)	(1)	(1)	4	2	2
El Salvador	19	19	29	21	22	(1)	4	(1)	17	1	-1	23	(1)	5	(1)	17	1	(1)
Haiti	14	13	14	15	15	(1)	(1)	(1)	3	(1)	10	10	(1)	(1)	(1)	3	(1)	9
Mexico	374	444	471	490	514	144	10	244	90	41	16	532	142	(1)	247	90	46	17
Panama	337	349	373	363	407	(1)	200	4	138	14	43	63	(1)	218	4	145	17	42
Paraguay	115	145	197	210	268	170	(1)	17	(1)	21	22	206	172	(1)	10	(1)	22	24
Uruguay	54	56	57	71	74	(1)	38	(1)	2	9	31	73	(1)	3	37	2	9	22
Venezuela	1,036	993	990	1,184	1,305	(1)	1,000	37	13	38	(1)	1,360	(1)	1,635	53	15	44	(1)
Other countries	236	241	200	207	278	11	17	12	96	(1)	(1)	267	(1)	30	13	97	(1)	(1)
Western Europe, total	1,450	1,720	1,579	2,145	2,369	30	469	1,295	29	232	174	2,646	24	671	1,432	29	205	200
Austria	11	13	16	18	28	(1)	(1)	5	(1)	2	8	24	(1)	(1)	5	(1)	2	11
Belgium	65	65	87	95	105	(1)	20	5	(1)	14	8	117	(1)	27	72	(1)	15	3
Denmark	26	32	37	38	38	(1)	24	(1)	8	(1)	(1)	38	(1)	14	9	(1)	4	(1)
Finland	8	9	9	9	10	(1)	6	(1)	(1)	1	1	19	(1)	10	(1)	3	(1)	2
France	185	217	249	270	304	4	80	172	6	11	21	323	5	95	188	5	12	27
Germany	173	204	234	251	270	(1)	57	155	(1)	23	20	275	(1)	60	165	(1)	10	26
Italy	27	63	72	80	95	(1)	40	53	1	2	11	121	(1)	64	38	(1)	3	18
Netherlands	37	54	108	108	125	(1)	72	28	(1)	2	7	149	(1)	78	33	(1)	21	9
Norway	22	21	28	33	37	(1)	11	9	(1)	2	(1)	40	(1)	10	11	(1)	3	(1)
Portugal	14	10	10	21	23	1	(1)	(1)	2	7	(1)	23	1	(1)	(1)	2	7	1
Spain	27	31	30	40	45	(1)	14	19	(1)	5	7	40	(1)	14	20	(1)	4	8
Sweden	51	59	65	70	74	(1)	31	33	(1)	6	(1)	84	(1)	32	41	(1)	6	(1)
Switzerland	22	26	28	28	31	(1)	8	13	(1)	6	4	35	(1)	16	74	(1)	6	4
United Kingdom	729	947	961	1,036	1,131	3	170	745	11	119	84	1,245	3	185	824	11	130	92
Other countries	29	30	30	41	54	(1)	28	10	1	14	8	64	(1)	40	10	1	10	3
Western European dependencies, total	427	435	446	463	603	136	335	11	18	27	85	600	103	412	14	26	31	18
Western Hemisphere, total	125	131	139	158	176	61	34	(1)	18	22	(1)	172	61	73	(1)	17	15	(1)
Africa:																		
British	37	41	54	56	77	45	20	(1)	(1)	4	(1)	46	15	23	(1)	(1)	5	(1)
French	27	31	32	36	37	(1)	20	(1)	2	(1)	(1)	43	(1)	35	(1)	2	4	(1)
Other European	16	12	12	14	16	(1)	(1)	3	(1)	(1)	1	19	(1)	(1)	2	(1)	(1)	1
Other areas:																		
British	201	180	177	154	250	24	206	7	1	4	9	279	24	228	10	1	6	10
Other European	20	20	22	30	45	(1)	(1)	(1)	(1)	(1)	(1)	47	(1)	(1)	(1)	(1)	(1)	(1)
Other countries, total	1,464	1,512	1,516	1,854	2,061	32	1,344	453	46	165	142	2,646	145	1,481	487	75	123	177
Africa:																		
Egypt	38	39	44	46	45	(1)	27	10	(1)	4	(1)	54	(1)	38	12	(1)	4	(1)
Libya	47	53	104	140	180	(1)	128	(1)	6	(1)	(1)	236	(1)	178	(1)	(1)	(1)	(1)
Union of South Africa	105	140	157	194	212	60	65	(1)	(1)	20	(1)	210	60	44	73	(1)	23	(1)
Other countries	5	7	7	8	10	(1)	(1)	(1)	(1)	(1)	(1)	52	20	(1)	(1)	(1)	(1)	(1)
Other areas:																		
Australia	101	201	206	310	325	16	(1)	172	(1)	19	14	387	50	(1)	195	(1)	21	14
India	27	39	40	63	68	(1)	(1)	23	(1)	2	(1)	92	(1)	(1)	28	(1)	10	(1)
Indonesia	60	65	72	74	86	(1)	(1)	17	(1)	3	(1)	66	(1)	(1)	10	(1)	4	(1)
Israel	13	15	34	41	50	(1)	30	24	(1)	1	(1)	83	(1)	11	37	(1)	1	23
Japan	19	10	45	89	92	(1)	(1)	5	(1)	2	(1)	105	(1)	(1)	10	(1)	2	(1)
New Zealand	17	25	31	37	34	(1)	(1)	12	(1)	7	1	40	(1)	(1)	15	(1)	8	1
Philippine Republic	139	140	103	175	188	(1)	(1)	24	(1)	23	24	215	(1)	(1)	29	(1)	38	22
Other countries	407	545	644	693	778	(1)	798	(1)	(1)	7	(1)	820	(1)	780	(1)	2	20	(1)

\* Revised.

\* Preliminary.

1. Included in total.

3. Less than \$500,000.

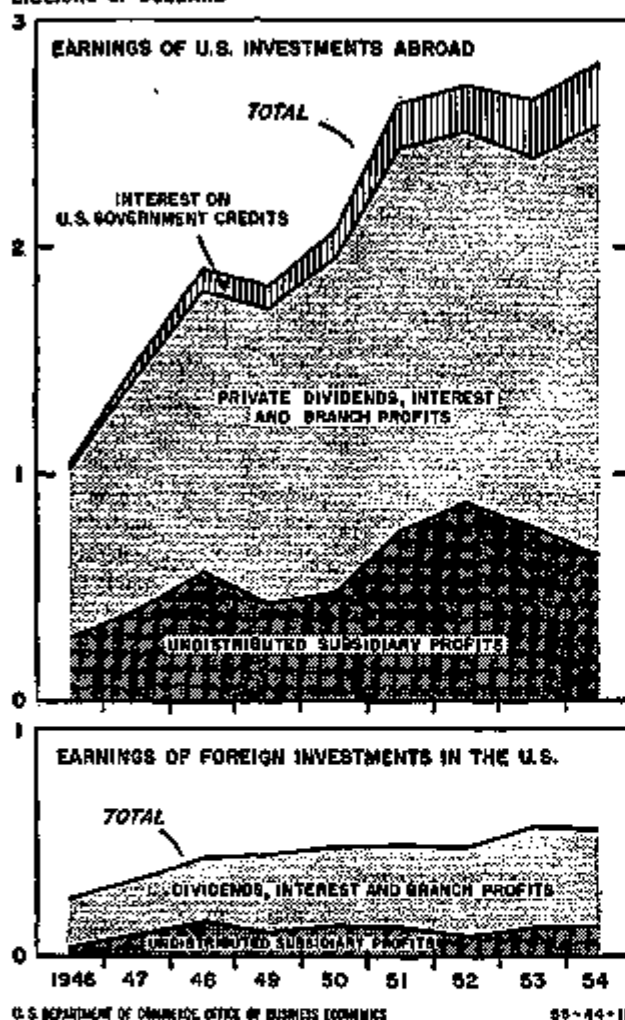
3. Thus 1953, Northern and Southern Rhodesia and Nyasaland are included in British Dependencies in Africa; in 1954, they are included in other countries in Africa.

Source: U. S. Department of Commerce, Office of Business Economics.

Earnings in Latin America were cut from 1951 to 1954 by a drop of some \$70 million in the return on tanker operations, although tanker rates are now moving upward. The United States share of production in the area increased by 150,000 barrels per day from 1951 to 1954, yielding somewhat greater revenues from this source, but higher costs

## Earnings on International Investments

BILLIONS OF DOLLARS



including rising exploration expenditures have held down net earnings. Earnings from Venezuelan operations continue to have the greatest importance, accounting for \$340 million out of the \$380 million total for Latin America in 1954.

Petroleum companies have raised their investment in Canada from about \$400 million in 1950 to about \$1.2 billion at present, but consolidated earnings of the companies remain at only \$10 million in 1954 because of large exploration costs. Earnings in Western Europe were reduced in 1954, possibly because of rising costs and also because the companies are also spending large amounts in this area to develop new oil fields.

Middle East earnings have scored the greatest rise since 1951, from \$343 million in 1951 to \$413 million in 1954, reflecting an increase of nearly 900 thousand barrels per day in the amount of oil produced by United States owned companies.

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Manufacturing earnings abroad rose moderately in 1954 to a total of \$705 million. In the year there were divergent trends in different areas; in Canada there was a very sharp drop of some \$50 million as economic activity in the country went through a downturn similar to that in the United States, but this was approximately offset by increased earnings in Western Europe, as output in these countries rose to unprecedented levels.

Earnings of mining properties rose in 1954, but in this industry also the total was still lower than in 1951 and 1952. Over \$30 million of the \$50 million increase was in Latin

Table 4.—Direct Investment Capital Outflows, by Major Areas and Industries, 1950-54

(Millions of dollars; inflows to the United States (-))

Area and year	Total	Agriculture	Mining and smelting	Petroleum	Manufacturing	Public utilities	Trade	Other industries
<b>All areas, total:</b>								
1954*	781	21	180	302	71	16	28	200
1953*	721	-11	243	462	-43	16	20	20
1952	850	-3	278	238	211	23	17	80
1951	628	31	100	83	100	-8	58	70
1950	521	-4	87	248	192	-3	08	37
<b>Canada:</b>								
1954*	400	1	85	202	24	(1)	(1)	187
1953*	387	(1)	118	181	27	2	25	41
1952	428	-1	134	123	121	1	3	42
1951	248	(1)	36	124	80	-1	0	44
1950	237	2	20	123	88	-8	35	21
<b>Latin American Republics:</b>								
1954*	102	15	18	-22	22	16	33	5
1953*	117	-11	120	58	-73	8	-3	18
1952	277	-4	120	32	90	21	11	18
1951	168	22	60	-75	110	-7	38	11
1950	40	-7	29	-69	04	-3	18	7
<b>Western Europe:</b>								
1954*	35	(1)	(1)	23	3	(1)	-13	23
1953*	51	(1)	(1)	25	-7	(1)	8	10
1952	-8	(1)	(1)	-24	8	(1)	2	8
1951	62	(1)	(1)	27	17	(1)	7	1
1950	110	(1)	(1)	73	32	4	7	2
<b>Western European dependencies:</b>								
1954*	-6	(1)	-5	-4	(1)	(1)	1	2
1953*	23	(1)	5	78	(1)	(1)	1	1
1952	-5	(1)	18	-23	(1)	(1)	1	(1)
1951	1	1	2	-2	(1)	(1)	2	(1)
1950	14	(1)	13	-6	3	2	2	(1)
<b>Other countries:</b>								
1954*	160	2	12	102	15	-	8	21
1953*	84	(1)	7	60	-1	6	-3	15
1952	160	-2	0	142	-4	2	0	13
1951	10	1	2	8	28	-	6	14
1950	161	-4	10	127	0	1	9	6

\* Revised. \* Preliminary. 1. Less than \$500,000.  
2. Through 1953, Northern and Southern Rhodesia and Nyasaland are included in Western European dependencies; in 1954, they are included in Other countries.

Source: U.S. Department of Commerce, Office of Business Economics.

America, reflecting the improved price and market situation for copper and other metals and the beginning of large scale production of iron ore. New legislation in Chile with respect to the copper companies should have the effect of reducing the arbitrarily high local-currency costs of operation.

Mining properties in Canada and other countries also experienced somewhat higher returns in 1954, reflecting rising prices and a strong demand for metals and minerals. Continued low earnings for agricultural properties abroad resulted from lower prices and output for sugar producers and considerable losses from floods and strikes in parts of Central America. There was some improvement in public utility earnings in the year, although they remained comparatively low.

Earnings of foreign subsidiary companies were slightly lower in 1954 than in the preceding year. The disposition of the earnings differed, with relatively more being distributed in dividends. The undistributed portion was \$641 million, compared with \$776 million in 1953.



Manufacturing companies in Canada sharply reduced their reinvestment of earnings, as their overall earnings were reduced, but larger amounts were reinvested in Europe and Latin America. In the case of mining enterprises, a few unusually large dividend payments out of accumulated funds resulted in a smaller total of reinvested earnings. Although total petroleum earnings were higher than in 1953 a smaller proportion of the earnings of the companies was retained abroad.

Dividends and interest received on foreign securities and loans held by private investors in the United States have been rising slowly since the war, reaching \$229 million in 1954. This total includes \$75 million of dividends, \$93

million of interest on foreign dollar bonds, and about \$20 million each of interest on foreign-currency bonds, medium-term banking and commercial loans, and short-term credits.

About 60 percent of the interest received on United States holdings of dollar bonds comes from Canada and 15 percent from the International Bank. Holdings in most other countries have been so reduced, or the terms have been so modified, that interest payments on these debts have become a minor item in their balances of payments.

A very large part of the dividends and interest received on foreign-currency stocks and bonds comes from Canada and the United Kingdom, but dividends from the Netherlands and other countries will rise somewhat as a result of recent

Table 5.—Direct Investment Capital Flows and Undistributed Subsidiary Earnings, by Specified Countries and Industries, 1953-54  
(Millions of dollars)

Country	Net capital outflow										Undistributed subsidiary earnings									
	1953 *					1954 *					1953 :					1954 :				
	Total	Mining and smelting	Petroleum	Manufacturing	Other industries	Total	Mining and smelting	Petroleum	Manufacturing	Other industries	Total	Mining and smelting	Petroleum	Manufacturing	Other industries	Total	Mining and smelting	Petroleum	Manufacturing	Other industries
All areas, total.....	721	233	408	-53	123	761	116	802	75	274	776	48	238	361	129	841	28	114	363	144
Canada.....	287	110	131	27	69	489	85	262	24	158	263	14	26	133	54	215	21	35	111	58
Latin American Republics, total.....	117	129	63	-73	12	102	18	-22	32	74	152	11	51	34	26	121	-15	39	57	49
Argentina.....	4	(1)	(1)	-1	8	3	(1)	(1)	(1)	-3	8	(1)	(1)	6	3	23	(1)	(1)	18	4
Brazil.....	-35	(1)	28	-54	-4	-3	(1)	-32	23	1	35	(1)	6	30	8	40	(1)	4	28	6
Chile.....	26	23	(1)	1	2	-28	-38	(1)	1	7	2	(1)	(1)	2	1	4	(1)	(1)	(1)	4
Colombia.....	1	(1)	5	2	3	33	(1)	4	1	1	1	(1)	(1)	2	1	1	(1)	(1)	(1)	1
Costa Rica.....	-1	(1)	(1)	(1)	-1	2	(1)	1	(1)	1	(1)	(1)	(1)	(1)	(1)	1	(1)	(1)	(1)	1
Cuba.....	-6	(1)	1	-6	3	20	(1)	1	-2	28	3	(1)	1	1	1	(1)	(1)	(1)	(1)	-1
Dominican Republic.....	-5	(1)	(1)	(1)	-6	3	(1)	(1)	(1)	3	5	(1)	(1)	(1)	1	2	(1)	(1)	(1)	1
Honduras.....	7	(1)	(1)	(1)	7	1	(1)	(1)	(1)	1	1	(1)	(1)	(1)	1	1	(1)	(1)	(1)	1
Mexico.....	7	8	(1)	7	15	15	(1)	1	(1)	3	17	(1)	(1)	10	1	1	(1)	(1)	(1)	1
Panama.....	-11	(1)	-12	1	(1)	13	(1)	2	(1)	11	29	(1)	22	1	6	13	(1)	(1)	(1)	9
Peru.....	38	24	(1)	1	14	-13	(1)	(1)	1	-14	-1	2	(1)	1	-6	(1)	(1)	(1)	(1)	-3
Uruguay.....	-3	(1)	(1)	(1)	-1	-2	(1)	(1)	(1)	2	6	(1)	(1)	1	2	(1)	(1)	(1)	(1)	3
Venezuela.....	85	(1)	28	(1)	66	83	(1)	7	(1)	34	34	(1)	28	(1)	4	37	(1)	24	(1)	4
Other countries.....	1	1	(1)	(1)	(1)	5	(1)	(1)	(1)	2	2	(1)	(1)	(1)	2	3	(1)	(1)	(1)	2
Western Europe, total.....	51	(1)	33	-7	28	46	(1)	23	3	18	172	2	45	118	31	197	5	26	133	28
Belgium.....	5	(1)	3	1	1	4	(1)	14	5	3	7	(1)	1	6	(1)	5	(1)	2	8	(1)
France.....	5	(1)	6	1	2	1	(1)	1	(1)	1	20	(1)	2	18	3	25	(1)	7	16	2
Germany.....	7	(1)	6	1	2	1	(1)	1	(1)	1	18	(1)	0	16	2	14	(1)	9	9	2
Italy.....	13	(1)	8	2	1	12	(1)	12	1	1	4	(1)	0	3	1	8	(1)	3	3	2
Netherlands.....	7	(1)	4	2	1	7	(1)	2	4	1	9	(1)	8	1	9	9	(1)	4	5	2
Portugal.....	(1)	(1)	(1)	(1)	(1)	-2	(1)	(1)	(1)	-2	2	(1)	(1)	(1)	2	3	(1)	(1)	(1)	2
Spain.....	3	(1)	(1)	(1)	6	2	(1)	(1)	(1)	1	4	(1)	(1)	1	1	3	(1)	(1)	(1)	1
Sweden.....	(1)	(1)	(1)	(1)	(1)	3	(1)	1	(1)	1	97	(1)	1	2	1	112	(1)	11	6	1
United Kingdom.....	-1	(1)	1	1	10	3	(1)	4	(1)	6	10	(1)	4	71	3	14	(1)	87	5	14
Other countries.....	11	(1)	9	1	2	2	(1)	16	(1)	2	10	(1)	4	4	2	14	(1)	11	5	0
Western European dependencies, total.....	62	5	76	(1)	1	-5	(1)	-4	1	3	41	10	23	3	5	41	5	24	3	5
Western Hemisphere.....	5	(1)	(1)	(1)	6	1	(1)	(1)	(1)	1	9	(1)	(1)	(1)	9	6	(1)	(1)	(1)	3
British.....	5	(1)	(1)	(1)	6	1	(1)	(1)	(1)	1	9	(1)	(1)	(1)	9	6	(1)	(1)	(1)	3
Other European.....	3	(1)	(1)	(1)	2	-15	(1)	(1)	(1)	-12	5	(1)	(1)	(1)	6	6	(1)	(1)	(1)	5
Africa.....	-2	(1)	-2	(1)	1	-2	(1)	-2	(1)	(1)	0	0	3	(1)	(1)	3	4	4	(1)	(1)
British.....	-2	(1)	-2	(1)	1	-2	(1)	-2	(1)	(1)	0	0	3	(1)	(1)	3	4	4	(1)	(1)
French.....	-2	(1)	-2	(1)	1	-2	(1)	-2	(1)	(1)	0	0	3	(1)	(1)	3	4	4	(1)	(1)
Other European.....	1	(1)	(1)	(1)	1	2	(1)	(1)	(1)	2	1	(1)	(1)	(1)	1	1	(1)	(1)	(1)	1
Other areas.....	75	1	(1)	(1)	74	8	(1)	(1)	1	5	21	(1)	2	19	19	(1)	(1)	3	18	18
British.....	5	(1)	(1)	(1)	2	2	(1)	(1)	(1)	1	1	(1)	1	1	-1	(1)	(1)	(1)	(1)	1
Other European.....	5	(1)	(1)	(1)	2	2	(1)	(1)	(1)	1	1	(1)	1	1	-1	(1)	(1)	(1)	(1)	1
Other countries, total.....	54	27	68	-1	27	168	12	182	15	21	163	8	77	38	29	67	5	1	38	18
Africa.....	12	(1)	(1)	(1)	12	58	(1)	(1)	(1)	58	33	(1)	(1)	(1)	33	-5	(1)	(1)	(1)	-5
Union of South Africa.....	8	7	-7	2	1	-12	0	-24	1	2	15	5	4	4	3	15	1	2	10	3
Other countries.....	2	(1)	1	(1)	1	10	2	5	2	1	7	(1)	(1)	1	(1)	3	1	1	(1)	1
Other areas.....	-22	(1)	(1)	-1	-18	33	(1)	(1)	6	28	17	3	(1)	25	13	28	(1)	(1)	18	10
Australia.....	3	(1)	(1)	(1)	13	13	(1)	(1)	1	17	3	(1)	(1)	2	1	6	(1)	(1)	4	2
India.....	14	(1)	(1)	(1)	13	7	(1)	(1)	(1)	7	1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-17
Indonesia.....	13	(1)	(1)	(1)	13	7	(1)	(1)	(1)	7	1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Jamaica.....	20	(1)	(1)	(1)	28	9	(1)	(1)	(1)	9	2	(1)	(1)	1	2	5	(1)	(1)	2	3
Philippines Republic.....	4	(1)	(1)	(1)	5	12	(1)	(1)	2	16	5	(1)	(1)	1	4	8	(1)	(1)	2	5
Other countries.....	24	(1)	24	(1)	(1)	25	(1)	20	1	4	46	(1)	43	1	1	23	(1)	10	2	3

\* Revised. \* Preliminary. 1. Included in "other industries." 2. Less than \$500,000. 3. In 1953, Northern and Southern Rhodesia and Nyasaland are included in British dependencies in Africa; in 1954 they are included in other countries in Africa. Source: U. S. Department of Commerce, Office of Business Economics.

Table 6.—Gross Movements<sup>1</sup> of Direct-Investment Capital by Major Industries, 1952-54

(Millions of dollars; net inflows (-))

Year	Total	Mining and smelting	Petro- leum	Manu- facturing	Trade	Other indus- tries
1952 *						
Outflows.....	1,758	328	157	341	110	818
Inflows.....	907	138	156	208	91	67
Net.....	701	120	302	75	38	240
1953 *						
Outflows.....	1,278	371	385	190	75	184
Inflows.....	583	26	167	290	47	71
Net.....	721	243	408	-55	29	84
1954 *						
Outflows.....	1,881	280	526	380	55	132
Inflows.....	531	81	279	148	47	80
Net.....	850	278	248	231	17	56

\* Revised. \* Preliminary.

1. The gross capital outflow shown in each industry cell of this table represents the sum of the net capital outflows to those foreign subsidiaries and branches for which net outflows were reported for each of the years covered. Conversely, the gross inflows shown for each cell represent the sum of the net inflows from those foreign subsidiaries and branches for which inflows were reported in each year. It should be noted that the gross totals, but not the net amounts, would change if the compilation were done on a quarterly basis.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 7.—United States Holdings of Dollar Bonds of Specified Countries, Market and Par Values, 1952-54

(Millions of dollars)

	1952		1953 *		1954 *	
	Market Value	Par Value	Market Value	Par Value	Market Value	Par Value
All areas.....	2,244	2,420	2,303	2,751	2,720	2,918
Western Europe.....	84	231	52	223	190	248
Belgium.....	17	17	17	17	18	15
Denmark.....	18	30	16	16	8	5
Germany.....	24	304	27	104	84	112
Italy.....	13	50	12	40	31	48
Norway.....	10	13	10	18	11	11
Other.....	10	27	10	25	11	24
Canada.....	1,384	1,300	1,477	1,492	1,004	1,473
Latin American Republics.....	147	505	134	299	143	279
Bolivia.....	6	28	6	28	0	38
Brazil.....	40	84	37	88	37	54
Chile.....	26	81	23	50	22	54
Colombia.....	23	47	31	43	26	48
Other.....	50	90	61	98	63	83
Other foreign countries.....	229	274	263	301	349	347
Australia.....	20	83	20	87	24	84
Israel.....	97	87	196	185	173	178
Japan.....	44	40	38	35	28	26
Other.....	2	44	3	44	4	44
International Bank for Recon- struction and Development.....	408	410	426	442	544	490

\* Revised. \* Preliminary.

1. Includes Eastern Europe, China, and the Philippine Republic.

Source: United States Department of Commerce, Office of Business Economics.

Table 10.—Earnings on International Investments, by Type, 1950-54

(Millions of dollars)

Type of earnings	1950	1951	1952	1953 *	1954 *
Earnings on United States investments abroad, total.....	2,968	2,534	2,704	2,642	2,907
Direct investments, total.....	1,709	2,244	2,298	2,174	2,260
Dividends, interest and branch profits.....	1,294	1,482	1,419	1,398	1,055
Undistributed profits of subsidiaries.....	475	762	879	776	641
Portfolio investments.....	100	189	310	210	229
Interest on United States Government credits.....	100	196	264	282	273
Earnings on foreign investments in the United States, total.....	478	491	472	571	540
Direct investments, total.....	281	266	234	206	205
Dividends, interest and branch profits.....	148	120	162	185	176
Undistributed profits of subsidiaries.....	133	126	82	121	130
Portfolio investments.....	106	179	174	179	186
Interest on United States Government obligations.....	31	47	64	68	60

\* Revised. \* Preliminary.

Source: United States Department of Commerce, Office of Business Economics.

Table 8.—Banking and Commercial Claims on Foreigners, by Selected Countries<sup>1</sup> 1953-54

(Millions of dollars)

Countries	December 31, 1953 *				December 31, 1954 *			
	Total	Banking claims		Com- mercial claims <sup>2</sup>	Total	Banking claims		Com- mercial claims <sup>3</sup>
		Short- term	Medium- term			Short- term	Medium- term	
Total.....	1,722	805	325	485	2,384	1,384	423	587
Western Europe, total.....	537	218	207	154	728	396	131	209
United Kingdom.....	124	71	(1)	63	245	189	(5)	77
France.....	178	11	161	18	125	14	86	16
Turkey.....	26	10	(1)	10	67	41	(5)	15
Germany.....	30	31	(5)	3	81	68	(2)	11
Belgium.....	85	13	(5)	9	20	20	(5)	0
Canada.....	169	36	22	81	176	76	13	86
Latin America, total.....	587	478	62	155	1,087	732	187	198
Brazil.....	185	125	12	38	404	278	78	50
Colombia.....	80	67	10	13	137	107	12	18
Cuba.....	63	61	(5)	12	122	71	36	15
Mexico.....	125	12	8	24	181	110	18	27
Venezuela.....	62	43	1	10	67	67	3	21
All other countries, total.....	279	143	34	92	356	188	122	94
Israel.....	43	23	8	12	37	11	20	0
Japan.....	42	20	1	15	140	68	74	10
Union of South Africa.....	28	2	20	4	30	4	18	9

\* Revised. \* Preliminary.

1. Includes major categories of claims as reported to the Treasury Department regularly by banks and commercial concerns, but does not include estimates for other types of claims included in table 2 as short-term or "other" long-term private investments.

2. Not including medium-term claims totaling \$84 million at the end of 1953 and \$102 million at the end of 1954.

3. Less than \$500,000.

Source: Treasury Bulletin, March and July 1954.

Table 9.—Foreign Holdings of Domestic Stocks, by Selected Countries, 1946-54

(Market values; millions of dollars)

	Value, year end			Change in 1954		Value, year-end 1954 *
	1946	1949	1953 *	Not foreign purchases	Price change	
Total.....	2,410	2,340	2,499	135	1,453	5,004
Western Europe <sup>1</sup> .....	1,070	1,408	2,350	118	1,079	2,486
Belgium.....	03	03	103	3	44	150
France.....	103	57	100	11	48	167
Netherlands.....	432	312	374	-24	151	494
Switzerland.....	285	522	908	56	394	1,853
United Kingdom.....	418	450	745	70	330	1,183
Other countries.....	82	31	128	1	64	181
Western European dependencies.....	50	52	50	4	24	118
Canada <sup>1</sup> .....	460	490	690	-16	276	910
Latin American Republics <sup>1</sup> .....	174	173	215	30	107	377
All other <sup>1</sup> .....	60	45	76	6	24	116

\* Revised. \* Preliminary.

1. Grand total and area totals exclude the following holdings by United States citizens resident abroad approximately as given for 1941 in the Treasury Census, TFR 200: Total, \$250 million; Canada, \$25 million; Latin American, \$40 million; Western Europe, \$175 million; other countries, \$50 million. These amounts are included in table 2.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 11.—Direct Investment Earnings by Industry, 1950-54

(Millions of dollars)

Industry	1950	1951	1952	1953 *	1954 *
All industries.....	1,769	2,264	2,295	2,174	2,306
Agriculture.....	115	130	114	70	73
Mining and smelting.....	145	218	284	149	204
Petroleum.....	629	960	1,016	962	964
Manufacturing.....	623	660	644	676	688
Public utilities.....	60	59	64	63	75
Trade.....	116	142	145	135	149
Other industries.....	81	68	110	126	140

\* Revised. \* Preliminary.

Source: United States Department of Commerce, Office of Business Economics.

United States purchases of corporate stocks. Most of the interest on medium- and short-term loans is received on amounts outstanding in Latin America, which have grown considerably in recent years. A small amount of interest is also earned on loans to United Kingdom entities and short-term funds held in London.

Interest received on United States Government credits to foreign countries rose to \$272 million in 1954. About \$200 million of this amount came from Europe, largely the United Kingdom, France and Germany, and about \$30 million from Latin America.

Earnings of foreigners on their investments in the United States fell slightly to about \$550 million in 1954, primarily because of a lower return on United States Government obligations.

About 60 percent of foreign earnings in the United States are derived from direct investments. Major direct investments are in insurance and finance, petroleum, food and beverages, and a wide variety of manufacturing concerns. United States branches of foreign insurance companies earned about \$45 million in 1954, and the bulk of this was added to reserves in the United States. A major portion of the earnings of other enterprises is also reinvested here, resulting in a steady growth of foreign-owned enterprises since the war.

Most of the income on foreign portfolio investments here is derived from holdings of corporate stocks, which have been increasing sharply in value. However, the total amount of dividends paid has not expanded rapidly—since 1950 the increase has been about 10 percent, which is the same as the increase in all United States dividend payments.

Table 12.—Direct Investment Earnings<sup>1</sup> and Income by Selected Countries, 1950-54, with Major Industries for 1954

(Millions of dollars)

Country	Earnings										Income									
	1950	1951	1952	1953	1954 *					1950	1951	1952	1953	1954 *						
					Total	Mining and smelting	Petroleum	Manufacturing	Other industries					Total	Mining and smelting	Petroleum	Manufacturing	Other industries		
All areas, total.....	1,789	2,244	2,295	2,374	2,346	284	864	646	446	1,294	1,492	1,499	1,396	1,465	175	848	346	236	236	
Canada.....	409	437	421	467	461	69	15	249	128	234	236	222	226	238	39	-19	136	68	68	
Latin American Republics, total.....	431	601	592	723	761	73	388	124	876	622	652	592	570	638	88	451	64	136	136	
Argentina.....	18	29	30	28	32	( <sup>4</sup> )	( <sup>4</sup> )	31	10	6	11	12	11	10	( <sup>4</sup> )	( <sup>4</sup> )	7	3	3	
Brazil.....	87	142	140	112	85	( <sup>4</sup> )	( <sup>4</sup> )	11	60	24	51	75	65	74	40	( <sup>4</sup> )	7	22	16	
Chile.....	51	57	64	34	42	31	( <sup>4</sup> )	( <sup>4</sup> )	7	41	54	51	25	38	81	( <sup>4</sup> )	3	2	4	
Colombia.....	16	15	20	13	16	( <sup>4</sup> )	( <sup>4</sup> )	8	14	10	12	12	12	19	( <sup>4</sup> )	3	4	13	13	
Costa Rica.....	15	12	14	12	13	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	13	12	11	14	12	13	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	25	25	
Cuba.....	69	64	83	30	30	( <sup>4</sup> )	( <sup>4</sup> )	3	37	43	46	44	28	35	( <sup>4</sup> )	2	5	28	28	
Dominican Republic.....	17	31	21	5	9	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	9	14	20	14	4	4	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	4	4	
Honduras.....	10	18	18	17	11	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	11	16	16	15	15	16	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	9	9	
Mexico.....	44	64	61	47	46	13	( <sup>4</sup> )	1	21	30	31	32	30	30	83	( <sup>4</sup> )	11	6	6	
Panama.....	20	107	101	40	46	17	( <sup>4</sup> )	( <sup>4</sup> )	27	18	27	43	19	31	( <sup>4</sup> )	10	( <sup>4</sup> )	21	21	
Peru.....	31	36	51	21	28	16	( <sup>4</sup> )	( <sup>4</sup> )	4	9	33	25	22	26	23	( <sup>4</sup> )	2	2	12	
Uruguay.....	6	11	7	9	5	( <sup>4</sup> )	( <sup>4</sup> )	1	2	4	4	4	3	4	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2	2	
Venezuela.....	222	297	329	364	372	( <sup>4</sup> )	( <sup>4</sup> )	342	7	24	238	278	250	309	335	( <sup>4</sup> )	317	1	15	
Other countries.....	31	18	14	16	12	1	( <sup>4</sup> )	2	2	8	17	15	10	13	10	( <sup>4</sup> )	1	1	8	
Western Europe, total.....	262	340	343	346	361	7	68	249	67	111	119	129	143	235	2	32	196	48	48	
Belgium.....	12	15	15	14	18	( <sup>4</sup> )	( <sup>4</sup> )	3	11	5	6	6	7	11	( <sup>4</sup> )	1	8	2	2	
France.....	29	40	46	34	42	( <sup>4</sup> )	( <sup>4</sup> )	11	27	4	10	10	11	12	( <sup>4</sup> )	4	11	2	2	
Germany.....	27	31	19	22	20	( <sup>4</sup> )	( <sup>4</sup> )	4	18	4	3	4	4	13	( <sup>4</sup> )	1	6	4	4	
Italy.....	9	14	10	8	13	( <sup>4</sup> )	( <sup>4</sup> )	7	7	2	5	7	8	6	( <sup>4</sup> )	( <sup>4</sup> )	4	3	3	
Netherlands.....	14	14	13	15	14	( <sup>4</sup> )	( <sup>4</sup> )	3	4	0	5	5	6	6	( <sup>4</sup> )	1	2	3	3	
Portugal.....	3	2	4	4	6	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	5	3	2	2	2	3	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	3	3	
Spain.....	3	4	4	2	6	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	3	( <sup>4</sup> )	1	1	1	3	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	1	1	
Sweden.....	7	7	7	9	11	( <sup>4</sup> )	( <sup>4</sup> )	1	8	2	3	3	4	5	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2	2	
United Kingdom.....	142	164	170	187	221	( <sup>4</sup> )	( <sup>4</sup> )	150	37	73	74	78	80	109	28	( <sup>4</sup> )	43	23	23	
Other countries.....	16	16	20	22	27	( <sup>4</sup> )	( <sup>4</sup> )	4	12	11	12	8	11	13	( <sup>4</sup> )	1	6	6	6	
Western European dependencies, total.....	35	128	154	169	184	35	130	1	16	36	104	127	131	143	27	105	( <sup>4</sup> )	19	19	
Western Hemisphere.....	4	4	3	14	16	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	16	( <sup>4</sup> )	( <sup>4</sup> )	1	5	16	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	11	11	
British.....	9	30	9	13	13	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	15	16	12	11	6	8	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	3	3	
Other European.....	5	21	20	27	16	10	( <sup>4</sup> )	4	1	4	14	13	17	7	8	( <sup>4</sup> )	1	( <sup>4</sup> )	( <sup>4</sup> )	
Africa.....	7	0	5	4	0	( <sup>4</sup> )	( <sup>4</sup> )	0	1	6	4	1	1	4	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	1	1	
British.....	2	3	2	1	3	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	8	2	3	1	( <sup>4</sup> )	2	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2	2	
Other European.....	66	74	116	122	131	20	( <sup>4</sup> )	3	118	76	75	90	101	112	10	( <sup>4</sup> )	( <sup>4</sup> )	163	163	
Other countries.....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	
Other countries, total.....	349	606	515	469	538	29	372	24	54	269	374	345	346	471	19	371	45	38	38	
Africa.....	15	35	48	35	21	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	21	12	13	13	1	20	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	26	26	
Liberia.....	25	39	35	40	42	11	( <sup>4</sup> )	19	5	13	23	23	24	23	10	( <sup>4</sup> )	6	0	0	
Union of South Africa.....	4	4	8	6	10	11	( <sup>4</sup> )	2	1	2	3	5	6	13	9	( <sup>4</sup> )	1	1	1	
Other countries.....	27	26	33	61	59	( <sup>4</sup> )	( <sup>4</sup> )	38	15	11	11	8	13	26	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	5	5	
Australia.....	13	14	15	12	18	( <sup>4</sup> )	( <sup>4</sup> )	6	12	12	10	10	5	12	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	10	10	
India.....	34	28	29	32	20	( <sup>4</sup> )	( <sup>4</sup> )	26	27	34	4	32	43	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	43	43	
Indonesia.....	1	2	1	1	2	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	2	1	2	1	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	1	1	
Israel.....	2	3	4	6	15	( <sup>4</sup> )	( <sup>4</sup> )	4	10	2	3	3	4	0	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	7	7	
Japan.....	36	35	33	20	34	( <sup>4</sup> )	( <sup>4</sup> )	7	28	28	25	27	24	26	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	21	21	
Philippine Republic.....	178	302	308	277	312	( <sup>4</sup> )	( <sup>4</sup> )	302	4	6	162	251	240	223	260	( <sup>4</sup> )	283	2	2	
Other countries.....																				

1. Revised. 2. Preliminary.  
3. Income is the sum of dividends, interest, and branch profits; earnings is the sum of income and undistributed subsidiary earnings.  
4. Combined with "other industries."

5. Includes Northern and Southern Rhodesia and Nyasaland in 1950-53.  
6. Includes Northern and Southern Rhodesia and Nyasaland in 1954.  
Source: U. S. Department of Commerce, Office of Business Economics.